

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON HIGHWAYS AND TRANSPORTATION

Call to Order: By **CHAIRMAN ARNIE MOHL**, on March 1, 2001 at 3:00 P.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Sen. Arnie Mohl, Chairman (R)
Sen. Ric Holden, Vice Chairman (R)
Sen. Vicki Cocchiarella (D)
Sen. Bob DePratu (R)
Sen. Dan Harrington (D)
Sen. Sam Kitzenberg (R)
Sen. Jerry O'Neil (R)
Sen. Gerald Pease (D)
Sen. Glenn Roush (D)

Members Excused: Sen. Dale Berry (R)

Members Absent: None.

Staff Present: Connie Erickson, Legislative Branch
Marion Mood, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HJ 30, 3/1/2001; HB 78,
1/30/2001; HB 148, 1/31/2001
Executive Action: HB 148; HB 78; HJ 30

HEARING ON HJ 30

Sponsor: REP. BOB STORY, HD 24, PARK CITY

Proponents: Jim Currie, MDT

Opponents: None

Opening Statement by Sponsor:

REP. BOB STORY, HD 24, PARK CITY, stated that this resolution stemmed from his interim committee's desire to have the Department of Transportation work with the Governor and the Legislature to allocate highway funding not just based on the regular criteria, but also finding a way to spur economic development. He felt that highway construction and highway funding greatly contributes to Montana's economy, and the location and quality of highways will help attract industry. He asked that the department and the governor's office work with the Revenue and Taxation Interim Committee in studying and implementing methods for including economic criteria in the department's ranking and funding allocation process.

Proponents' Testimony:

Jim Currie, Department of Transportation, explained that the department helped craft this resolution because it was in the process of writing its statewide transportation plan, and that Director **Dave Galt** had conferred with the House Transportation Committee regarding cooperation between the two entities, and he extended the same to the Senate Committee.

Questions from Committee Members and Responses:

SEN. JERRY O'NEIL voiced concern whether this meant that an economically depressed area such as the Hi-Line would be given preference over a densely populated and flourishing area like the Bitterroot Valley. **Jim Currie** replied that the resolution simply directed them to also look at economic development when determining where transportation dollars are spent. **SEN. O'NEIL** then asked him to define "economic development", and **Jim Currie** answered that the department would look to the committee for guidance. He said that the transportation program was economic development in and of itself, explaining that the transportation dollar rolls over about seven times in the economy, and that the issue was not only where to spend transportation money with regards to this benefit but also to spur new development.

SEN. BOB DEPRATU envisioned this resolution to result in highway construction where improvements were needed to accommodate a new manufacturing plant, or simply to improve truck traffic near busy interchanges, which then attracts new development, and **Jim Currie** concurred, citing the North Reserve Street development which took place in Missoula after improvement and widening of the road.

CHAIRMAN ARNIE MOHL wanted clarification on whether the department was going to take money out of the highway fund to finance this study. **Jim Currie** explained that all the resolution did was allow the committee to participate in the development of the RFP used to determine contracting to update the transportation plan, and then the department would work with the interim revenue committee on that issue. There will be no diversion of funds for a study. It might result only in a slightly different way of spending transportation funds on infrastructure, depending on potential economic benefit.

CHAIRMAN MOHL inquired whether only state money was going to be used if this resolution resulted in a study. He feared it would be difficult to come up with state money to match federal dollars because of the multitude of programs being considered. **Jim Currie** replied that the directive in the resolution was an update that was already a federal requirement, with federal participation, and the only thing new was that the department would seek input from the Legislature's transportation committees in addition to the groups whom they had been consulting all along.

SEN. DAN HARRINGTON voiced some of the same concerns. **Jim Currie** replied that funding for this plan was already in the budget; it was a condition of federal funding. He addressed the state's special revenue fund and said that they would re-visit the revenue estimates from gas and diesel fuels with the House Taxation Committee, and he believed that those estimates would be very close to the department's. He went on to say that last year's numbers with regards to taxable gallons of fuel were lower because of the fires and the resulting drop in tourism, as well as the Y2K scare because there was a lot of fuel bought in December with a corresponding drop in January. On a three-year average, though, revenue was right in line; compared to last year only, revenue was down. He explained that the department had put in place a contingency plan which takes roughly an additional one million dollars out of the department's budget which they would invoke if the revenues did not come back in line. This would allow them to finish the year 2005 with a fund balance of \$15 million. **SEN. HARRINGTON** wondered if the department was faced with a budget shortfall, was there a possibility for contracts to be cancelled. **Jim Currie** maintained this would not happen, particularly in this biennium, because there was enough revenue for them to match federal funds. He explained that their revenue estimates were based on a worst case scenario, and he was certain that they would be able to match federal funds and be able to operate through 2005 with the fund balance mentioned above.

CHAIRMAN MOHL was still concerned that a study would result in a program requiring state dollars which would force the department,

by their own admission, to cut spending on maintenance. **Jim Currie** stressed that both **Director Galt** and he himself had always been concerned with anything that would negatively impact the state's special revenue fund. He said that every biennium, they have struggled to maintain long-term viability in the special revenue fund.

SEN. O'NEIL wondered if the department would still give consideration to economic development issues if the committee voted against this resolution. **Jim Currie** stressed that economic development was the most important issue for the current administration, and with or without this resolution, they would certainly be looking at this issue. **SEN. O'NEIL** wondered what difference the resolution made in light of this, and **Jim Currie** said that it allows more participation in the process and thus provided an oversight function. **SEN. BOB DEPRATU** remarked that this was a good plan in that it allowed the revenue and tax committee some input without requiring additional funds. **CHAIRMAN MOHL** then stated that he had not intended for everyone to vote against this resolution, but repeated his warning about overspending, which could very well result in killing an industry which was vital and productive.

Closing by Sponsor:

REP. STORY closed on HJ 30.

HEARING ON HB 78

Sponsor: **REP. EDITH CLARK, HD 88, SWEETGRASS**

Proponents: **Jim Jacobson, Montana Veterans' Affairs**
C. Hal Manson, American Legion
Larry Longfellow, Veterans of Foreign Wars
Dean Roberts, Department of Justice

Opponents: **None**

Opening Statement by Sponsor:

REP. EDITH CLARK, HD 88, SWEETGRASS, stated that HB 78 was written to clarify existing law regarding veterans' license plates. She stated that current law provides that a 100% disabled veteran may register one vehicle for a flat fee of \$5

and may get one set of license plates with any military decal the veteran was eligible to display. This bill clarified that a 100% disabled veteran who was also a purple heart veteran would be eligible to register one passenger vehicle for \$5 and obtain any type of military decal he was eligible for. It also provides that a car with the "DV" decal will be allowed to lawfully park in a handicapped parking space, without having to display another handicapped sign or decal.

Proponents' Testimony:

Jim Jacobson, Montana Veterans' Affairs rose in support of HB 78, adding that it allowed a veteran to show his pride by displaying the various emblems he is eligible to have on his license plate.

C. Hal Manson, American Legion, believed that every veteran had the right to show which branch of the military he served in.

Larry Longfellow, Quartermaster, VFW, asked the committee for their support of HB 78.

Dean Roberts, Motor Vehicle Division, Department of Justice, stated that his department agreed this was a worthy bill and asked for a favorable vote.

{Tape : 1; Side : B; Approx. Time Counter : 0}

Questions from Committee Members and Responses:

SEN. JERRY O'NEIL referred to SB 53 which the committee had recently heard and which dealt with a similar issue, leading him to believe that a disabled veteran could possibly register two vehicles for \$5 each. **REP. CLARK** stated he could not, the bill specifically said "one" vehicle. **SEN. BOB DEPRATU** repeated that the earlier bill just allowed the veteran to designate which of his vehicles he chose for this low fee. **SEN. O'NEIL** wondered how that fit in with this bill, and **SEN. DEPRATU** clarified that HB 78 allowed him to put their service decal on the plate.

Closing by Sponsor:

REP. CLARK closed on HB 78, and stated that **SEN. GLENN ROUSH** had agreed to carry the bill in the Senate.

HEARING ON HB 148

Sponsor: **REP. HAL JACOBSON, HD 54, HELENA**

Proponents: **Jim Currie, Department of Transportation**
 Ronna Christman, Montana Petroleum Marketers Assn.

Opponents: **None**

Opening Statement by Sponsor:

REP. HAL JACOBSON, HD 54, HELENA, stated that HB 148 addresses two issues relating to motor fuel taxes, namely the payment of taxes and tax refunds. Currently, petroleum distributors may file their monthly fuel tax payment with the MDT by way of mail or electronic transfer, with the deadlines being the 25th day of the month for filing by mail, and the 28th for electronic transfer of funds. For off-road fuel refunds, the distributor or taxpayer has to send in the original receipts before he is issued a refund. Section (1) of the bill changes the deadline for electronic fund transfers from the 28th to anywhere between the 20th and the 30th of each month, thus encouraging distributors to make use of the electronic filing method. Sections (2) and (3) allow for refunds to be requested electronically, without having to send in the original receipts. He made mention of the fiscal note attached to this bill as well as Amendment #HB014801.ace, **EXHIBIT(his47a01)**. The amendment was drafted because the original language stated the deadline for electronic filing was extended to the 30th day of the month, which of course was not feasible regarding the month of February. The bill was amended to read "five days after the 25th day of the month" which, in most cases would be the 30th, and for February would extend out into March 1st or 2nd.

Proponents' Testimony:

Jim Currie, MDT, stated that currently, about 89% of taxes are collected through electronic filing. This bill provided some incentive for more people to file electronically which the department regards as being more efficient and less prone to errors. He pointed to the \$27,000 fiscal impact and explained this was derived from a loss of interest due to the deadline extension. He stated that this bill was endorsed by the Motor Fuel Advisory Council. In closing, he referred to **Bob Turner, Fuel Tax Bureau, MDT,** who would be available to answer the committee's questions.

Ronna Christman, Montana Petroleum Marketers' Assn., stated that out of 136 distributors in Montana, approximately 60 of them are licensed and, therefore, responsible for collecting the motor fuel tax for the department and remitting it once a month. She welcomed this proposal because filing electronically eliminates errors as well as potential loss in the mail system. She also

cited instances where the post office has improperly stamped the envelopes, resulting in a late penalty fee to the distributor of 10% of the total tax. She was certain that most of the distributors would take advantage of this quicker way of filing but also could foresee some of the older generation being apprehensive about the new technology.

Questions from Committee Members and Responses:

SEN. O'NEIL asked what the function of the signed statement was if the payment was sent by traditional mail. **REP. JACOBSON** wondered if he was looking at the section dealing with refunds, and **SEN. O'NEIL** referred to line 24 of the bill. **REP. JACOBSON** explained that this component dealt with the current way in which refunds are handled for off-road fuel. As an example, he cited a rancher who bought off-road fuel for his operation and who was entitled to a tax refund for this fuel. For this refund, he was required to mail in the request along with copies of the receipts. If this bill passes, he can file for his refund electronically. **SEN. O'NEIL** still wanted an answer to his question regarding the signed statement, and **Bob Turner** clarified that presently, one does have to turn in a signed statement with a mailed refund request. The reason for this is to avoid fraud. By filing electronically, the need for this would be eliminated. **SEN. O'NEIL** wondered how fraud could be detected and prosecuted if there did not have to be a signature. **Bob Turner** explained that by law, there was a certain identification code assigned to each filer which would identify him to the department.

Closing by Sponsor:

REP. JACOBSON closed on HB 148.

EXECUTIVE ACTION ON HB 148

Motion: **SEN. HOLDEN** moved that **AMENDMENT #HB014801.ACE BE ADOPTED.**

Substitute Motion: **SEN. O'NEIL** made a substitute motion to amend HB 148 to read "the last day of the month".

SEN. HARRINGTON voiced concern over a potentially greater fiscal impact. He pointed out that interest was lost by moving the deadline into another month, and if we amended the bill as requested, it would move the deadlines back throughout the year and thus result in more lost revenue. **SEN. DEPRATU** agreed with that assessment. **CHAIRMAN MOHL** felt not much would be gained by

amending the bill further, and **SEN. O'NEIL** withdrew his substitute motion.

Vote: Motion that **AMENDMENT HB014801.ACE BE ADOPTED** carried 9-0.

Motion/Vote: **SEN. HOLDEN** moved that **HB 148 BE CONCURRED IN AS AMENDED**. Motion carried 9-0. **SEN. HOLDEN** agreed to carry HB 148 in the Senate.

EXECUTIVE ACTION ON HB 78

Motion/Vote: **SEN. HARRINGTON** moved that **HB 78 BE CONCURRED IN**. Motion carried 9-0. It was requested that **SEN. ROUSH** carry this bill in the Senate.

EXECUTIVE ACTION ON HJ 30

Motion/Vote: **SEN. HARRINGTON** moved that **HJ 30 BE ADOPTED**. Motion carried 9-0. **SEN. HARRINGTON** will carry HJ 30 in the Senate.

ADJOURNMENT

Adjournment: 3:55 P.M.

SEN. ARNIE MOHL, Chairman

MARION MOOD, Secretary

AM/MM

EXHIBIT (his47aad)